

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH80444-LY-182 (5/12)

Short Title: Exempt Biodiesel from Motor Fuels Taxes. (Public)

Sponsors: Representatives Hackney and Tolson (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT BIODIESEL FROM MOTOR FUELS TAXES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-449.81 reads as rewritten:

"§ 105-449.81. Excise tax on motor fuel.

An excise tax at the motor fuel rate is imposed on motor fuel other than biodiesel that is:

- (1) Removed from a refinery or a terminal and, upon removal, is subject to the federal excise tax imposed by § 4081 of the Code.
- (2) Imported by a system transfer to a refinery or a terminal and, upon importation, is subject to the federal excise tax imposed by § 4081 of the Code.
- (3) Imported by a means of transfer outside the terminal transfer system for sale, use, or storage in this State and would have been subject to the federal excise tax imposed by § 4081 of the Code if it had been removed at a terminal or bulk plant rack in this State instead of imported.
- (3a) Fuel grade ethanol that meets any of the following descriptions:
 - a. Is removed from a terminal or another storage and distribution facility, unless the removed fuel is received by a supplier for subsequent sale.
 - b. Is imported to this State outside the terminal transfer system by a means other than a marine vessel, a transport truck, or a railroad tank car.
- (4) Blended fuel made in this State or imported to this State.
- (5) Transferred within the terminal transfer system and, upon transfer, is subject to the federal excise tax imposed by section 4081 of the Code."

1 **SECTION 2.** G.S. 119-18(a) reads as rewritten:

2 "(a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is
3 levied upon all of the fuel listed in this subsection regardless of whether the fuel is
4 exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of
5 the General Statutes. The inspection tax on motor fuel is due and payable to the
6 Secretary of Revenue at the same time that the per gallon excise tax on motor fuel is due
7 and payable under Article 36C of Chapter 105 of the General Statutes. The inspection
8 tax on alternative fuel is due and payable to the Secretary of Revenue at the same time
9 that the excise tax on alternative fuel is due and payable under Article 36D of Chapter
10 105 of the General Statutes. The inspection tax on kerosene is payable monthly to the
11 Secretary by a supplier that is licensed under Part 2 of Article 36C of Chapter 105 of the
12 General Statutes and by a kerosene supplier. A monthly report is due by the 22nd of
13 each month and applies to kerosene sold during the preceding month by a supplier
14 licensed under that Part and to kerosene received during the preceding month by a
15 kerosene supplier. A kerosene terminal operator must file a return in accordance with
16 the provisions of G.S. 105-449.100.

17 (1) Motor ~~fuel~~ fuel other than biodiesel.

18 (2) Alternative fuel used to operate a highway vehicle.

19 (3) Kerosene."

20 **SECTION 3.** This act becomes effective July 1, 2004, and expires July 1,
21 2009.